

City of Grants Pass
BUDGET COMMITTEE MEETING MINUTES
May 14, 2015 – 6:00 P.M.
City Council Chambers

The Grants Pass City Council met in joint session with the Budget Committee on the above date with Budget Committee Chair Tom Brandes presiding over the meeting. City Councilors Dan DeYoung, Roy Lindsay, Lily Morgan (arrived late), Rick Riker, Ken Hannum, Dennis Roler, and Jim Goodwin were present. City Councilor Mark Gatlin was absent. Budget Committee Members Curt Collins, Tom Brandes, Shaun Curry, Ferris Simpson, Frank Morin, John Rall, and James DeHoog were present. Budget Committee Member Lisa Fogelquist was absent. Also present was Mayor Darin Fowler and representing the City was City Manager Aaron Cubic, Finance Director Jay Meredith, Parks & Community Development (hereafter: PCD) Director Lora Glover, Public Works Director Terry Haugen, and City Recorder Karen Frerk.

I. Budget Officer Convene Committee

Chair Brandes stated, tonight we're going to have the Public Works Department presentation.

[Recorder's Note: roll call was taken]

II. Public Works Department Budget Presentation

Public Works Director Haugen stated, I'm Terry Haugen the Public Works director for the City. I'll introduce my superintendants - Steve Scrivner (Streets/Storm Drainage), Jason Canady (Water Treatment), Bob Hamblin (Water Distribution/Sewer Collection), Gary Brelinski (Wastewater Treatment), and Joey Wright (Capital Projects Specialist). The agenda tonight is we will talk about the department organization, we will go into each of the divisions within the department (Transportation, Storm Water, Water, Wastewater, and Solid Waste), we will talk about efficiencies within the department we are trying to implement to save the City money, and then we will talk about future challenges and things will be looking at down the road that will have to be addressed.

As far as the organization goes we are broken up very similar to how I just introduced my staff. In the admin team, in addition to myself and Joey as project specialist, we have a department support technician. In each of the divisions starting with Streets we have Steve and a municipal

specialist and then five municipal services workers. Right now Steve is working two short. He has had two resignations recently and is working to fill those. It you think we're a little behind this time of year we might be because of the vegetation and we're a little short-handed. Hopefully we'll be keeping up the best we can. On the Water Treatment side we have Jason, the superintendant and five treatment plant specialists that carry us through most of the year. We do hire some seasonal operators for the water treatment plant in the summer months when we do have to operate the plant 24 hours a day to keep up with demand. Steve likewise hires some seasonal workers in the summer but Jason absolutely has to have them because otherwise he would not be able to operate the plant 24 hours a day and meet staffing requirements. Wastewater Treatment - we have Gary the superintendent and he has five treatment plant specialists three of which are operators who operate the plant in addition to himself. One of those positions is currently vacant and we're trying to fill that. Then he has two other specialists who are mechanics and keep everything operating. They work on all the equipment both at the plant and out in the field at the pump stations. There is a utility specialist who does primarily our pre-treatment program and also does a lot of the sampling work that needs to be done for the facility especially twice a year. There is one utility worker who does a lot of the maintenance work that is included. On the Distribution and Collection side we have Bob as superintendant. He has an office assistant who helps him in that division as well as two utility specialists, one on the Distribution side and one on the Collection side. On the Distribution side he has six and a half utility workers who are out in the field doing the bulk of the work and on the Collection side there are three and a half utility workers. That is the staffing we have and I don't think it has changed a whole lot since I've been here. I think we have been operating pretty much the same. I think we added perhaps one employee in Streets since I've been here and now I'm going on my eighth year. Beyond that we have operated with the same staff despite the fact the city is continuing to grow and we are seeing ourselves stretched a little bit. If we do see continued growth we may have to look at expansion in the future but right now we feel we are still good.

Some of the highlights, things we have going on - some of you may or may not know we are going through the PAVE process. The Performance, Audit, Visioning, and Enhancement Committee is a committee City Council set up to look at a strategic plan for our water and our wastewater utilities. In front of us tonight we have at least one member of that committee, John is on there, and then there are several of our Council members who serve on that committee. That is just starting up right now. We've spent a fair amount of time the last three weeks putting

together information requested by the consultant to do the study and to put together the plan. They are coming down next week. They will be here Tuesday, Wednesday, and Thursday meeting with staff as well as the PAVE Committee. They will be doing the first on-site work and really getting to know our staff and getting information on the particulars. Hopefully they have been reading a lot of the information we gave them already. It is a lot of information.

The second big thing we have going on is we are doing a water distribution system master plan. Since the City Council adopted the UGB expansion late last year it was then time to update the master plan. I'm trying to remember but I think the water distribution master plan was last updated in 2001. It's very old. Those plans should be updated every five years. This was basically put on hold for a significant period of time while we went through the UGB expansion process. An ongoing joke within the department is when I got here I was told the UGB was expansion was imminent. That was seven and a half years ago. Seven years later it was approved. Now if someone talks about something being imminent I say so seven years down the road is what we're looking at. We are now working on the water distribution system master plan. In fact we had a consultant in town over the last two days and we were doing hydrant testing throughout the community. The big part of that is modeling our system to see where the deficiencies currently are as well as where deficiencies will be with the UGB expansion we have going on. They will be doing the modeling and finding where we need to make improvements and even more so where we need to expand the system for future growth. That is getting right into high gear right now and we are moving forward with that. At the same time we are doing the water distribution system master plan we are also doing the sewer collection system master plan. Bob is being torn in both directions and then he has the third side which is the PAVE process. I'm not sure how he is going to be allocating his evenings and nights here over the next few months but I'm sure he is going to be very busy. We've actually been working on the sewer collection side a little longer. We had been doing some modeling work previously. Last year we did a fair amount of that. Since we now have the UGB expansion we are finalizing that and they are putting that model together. Then it will be putting together the needs and demands on the system and where we need to stand and where we need to enlarge things to be able to handle the growth in the community over the next 20 to 30 years.

For those of you who went on the tour this evening you saw the Redwood Avenue improvements we have going on. We have Phase 2 which is out there between Dowell and Darneille/Hubbard. A lot of construction work has been going on there over the last couple

months. A lot of underground work has been done out there already. There is still little bit more to do but they are now starting surface improvements. In fact, I think they put down the first curb and gutter. On that Phase 2 project we will be expanding the width of the street to when we're done we will have a lane of traffic each way, a center turn lane, bike lanes in both directions, as well as sidewalks. There will be a fully operational storm drain system we really haven't ever had out in that area. There have been some side ditches but it's so flat out there a lot of the times the water hasn't had any place to go so it just sits. Now there will be a system put in and it will be going away. That will be a much-needed improvement. That is Phase 2. Phase 3 is in design right now. We are working with the County. Whereas Redwood Avenue is currently still under County jurisdiction we all know the financial hardship they have and if some of these main arterials and collectors are going to be improved the City has been taking on those projects. The County helps us out as they can and in Phase 3 which is between the Fairgrounds at Pansy going down to Redwood Circle the County is actually doing the design work on that project. That is their contribution. While they maybe didn't have any funds to put forward they have their staff doing the design work for us. That is very helpful. In that Phase 3 project a big part of that will be at the Redwood Avenue and Allen Creek Road intersection. We will be putting in a new traffic light. Whereas right now it's a three sided intersection we will be installing a fourth lane going north and after a very short distance it will curve and tie into the road that goes into the Fairgrounds and the YMCA. We will get rid of that traffic situation we have there where cars are not allowed to turn left going north bound on Allen Creek Road. That will be a fully functional intersection and you will be able to go straight ahead to get to the Fairgrounds or left or right to get onto Redwood Avenue. That will be a major improvement. That project is under design now and we will be putting that out to bid hope believe this fall. The plan is that project to should be completed next year in time for the fair so we're looking at mid August for ultimate completion of that project.

At the water treatment plant you have all heard of about the need to put a new facility in because of the seismic issues we have there and how the plant is just not structurally sound. That plan is on hold waiting for the strategic planning effort to be done at the direction of City Council but in this lag period right now we are doing work with a pilot study because we are looking at alternate means of treatment plants. We had a firm in doing ballasted flocculation testing earlier this year in February. We got some very good results in so we have a good idea of the feasibility of doing that. If that is something we want to do down the road we have good data. Throughout the entire year we are doing high rate filtration testing which we are looking at

very seriously and according to Oregon Health Authority regulations we have to test for an entire year on that before we can do that. I think we are getting very good results so far as we are a little past a quarter into the year and we are actually optimistic maybe we will be able to convince the Oregon Health Authority to let us by with just a partial year of testing and not have to do the entire year. We can still be proceeding with that throughout the rest of the year. We are also looking at using ozone in the facility. We are adding ozone at certain periods every quarter to see how that impacts some of the other high rate filtration pilot testing taking place. That is basically a year-long study we are looking at.

At the water restoration plant, again, another huge project we will be talking about here in a little bit but we're looking at having to expand that. We're at capacity with that plant right now. We have needs to expand it but the first phase of that is we have UV disinfection that is quite old and inefficient. We have moved into Phase 1 of that project in that we are replacing one of the UV disinfection units at the site. Construction actually started here this week. The contractor has been on site. They have done some demolition work and they have removed half of our UV disinfection system so we really don't have a backup now. That is under the approval of the Oregon Department of Environmental Quality. We are moving forward with that replacement. Once we get that done we will be making major savings on electricity with the replacement of that system. We will be talking more about that as the night goes on.

As we get into talking about capital projects tonight the ones we will be talking about are projects receiving funding allocations of \$50,000 or more and any new capital projects. You will see there are very few new projects this year. Pretty much everything we're doing is what we have on the books because we have such big projects in the offing. We will go through those and we will talk about the description of each project, where the funding is coming from, and what the budget is. When we're done with that if there is any one in particular we haven't talked about that you see in the budget book you can bring it up and we can talk about it in more detail. The main ones we will be talking about are ones with allocations of \$50,000 or more and new capital projects. As it was mentioned earlier in this whole process by the city manager we are transferring money from the general fund into the Public Works programs. Some of it is fees we get in lieu of franchise for water and wastewater, but we also have money coming from the general fund for transportation projects. This is the list of projects that are funded with general fund dollars this year and we will talk about more of them a little later on. We have sewer main structural repairs \$155,000, Gilbert Creek Bridge replacement, which is a Transportation project,

\$205,000, Redwood Avenue Phase 3, that I just mentioned, \$100,000, Terry Lane improvements \$370,000, water main relocations \$100,000, and TMDL plan implementation \$15,000. In total there is \$945,000 coming into the Public Works Department from the general fund under the proposed budget. We will be talking about all of these projects later on with the exception of TMDL because it's only \$15,000. For those of you who don't know what TMDL stands for it is the Total Maximum Daily Load of what we can put into the Rogue River for storm water and wastewater. On the storm water side we have very little money for storm water purposes. We don't have a funding source right now. We do transfer little bit from the gas tax monies we receive to go to storm water but not everything storm water related comes from the roads so it's not eligible for total funding from gas tax. A lot of what goes into storm water is coming from the roofs of your homes, from your yard, and from other vacant properties so it's really not eligible for all gas tax funding. We are taking an additional \$15,000 from the general fund to assist with the implementation of that TMDL plan the City is required to follow per the Department of Environmental Quality.

Next we will move into the first division which is Transportation and Storm Water. Here you can see a couple pictures. The one on the upper left is Hubbard Lane and that project was actually completed a couple years ago. It shows the bike lane we installed. On the tour tonight we saw that we have done some more striping but we are not doing full length of streets right now we're just doing it at intersections and places of conflict between bicyclists and motor vehicles. It's one of the things we're doing to have a safer transportation system. Down on the lower right you can see some of our storm water issues we have. This is actually down in Edgewater where we have a situation where the water doesn't go anywhere it just sits there. We have a project we are starting to take care of that problem. If you want to go to the pages in your budget book the slides will have the page numbers up there. If it doesn't say capital it is in the big book. This is basically the same information on these pages so don't feel as if you have to go to those pages. The transportation operational budget is broken down into Streets and Drainage. You can see there is a very limited difference between 2015 and 2016 of \$24,000. We will get into what that entails in that individual area here in just a minute. Street lighting is the component that was transferred over to Transportation from Public Safety just last year. We do get a transfer for that one from the general fund. That does not come out of the gas tax dollars or the street utility fee. It is money transferred from the general fund. That is going up a small amount \$18,400. That is relatively small and the primary reason that is going up is with the UGB expansion we now have a much larger area people are expecting us to put street lights

in. That was one of the things they were promised if they agreed to come in. It's not just the UGB, I'll take that back, it is the annexation areas. With the annexation we approved last year we have these new areas that have come in. They were promised they would get city services and one of those city services is streetlights on the roads that were previously county roads. We're anticipating we will be putting in more streetlights so number one there is the cost of installing them then there it is also the ongoing maintenance costs of the power so that is where that dollar amount goes to. Customer Services - you will see this in each of our budgets and it is basically what we are paying to Finance to do our billing, collect our money, and those types of things. I wish I could tell you I have a lot of control over that but I don't. Jay and his staff tell me how much it is going to cost me and I stick it in the budget. If you have questions about that I would probably have to direct you to Jay. The big item you will see in a lot of these budgets is capital transfers. In this case you can see we will actually be transferring more in 2016 than 2015 just shy of \$200,000. That is a good thing because what that means is we have that much additional money we can put into our large capital projects to get the big work done. It doesn't have to go for operation or maintenance or doing the day-to-day work. To be honest with you we like it when we see increases in capital transfers because it means we are being efficient, saving money, and there is that much more to go into the large projects we have. In the contingency you can actually see there's a small decrease but we are still covering 25% of all of our budget costs within the Public Works funds. It is a little less, for whatever reason, this year than it was last year but we still have a 25% contingency as we have had in all past years. Specifically in the Streets and Drainage operational budget you can see on here the biggest change we have is in personnel services. As I will show specifically in the next slide the biggest reason for that is because we did a comparative wage study a couple years ago. In our negotiations with the teamsters union that comprises our employees that staffing received an increase to get them to a comparable wage with other entities. You will see that in each of the divisions I have. That will be one of the larger items we have making those adjustments. That is a big part of this and was something authorized by City Council so you are seeing it reflected for the first time in this budget. Materials and supplies have a relatively minor increase of \$8700. Contractual and professional services you actually see a decrease of almost \$15,000. Direct charges is going away in this particular budget. Capital outlay, which is smaller things, we didn't have anything in 2015 and we don't have anything in 2016 either so it is unchanged. The total requirements you see on the bottom here just as it was on the last page we are seeing an increase in Streets and Drainage of \$24,000. What were those differences? Like I mentioned in personnel you saw that comparative wage study adjustment that was the largest

adjustment in the Streets budget. The other thing you saw was a decrease for professional and contractual services. What that turns out to be is a reduction in vehicle replacement set aside for our fleet vehicles. In meeting with Jay and talking about fleet issues the biggest thing is they went through and looked at the entire fleet and they made adjustments throughout the entire budget where we were either setting aside more than what we needed to replace our vehicles or in the case of Streets a lot of our older equipment is already fully funded for replacement. We just haven't replaced it because it is still useable. Even though we have funds set aside to do it we haven't replaced it and we may not do it this year so those funds are sitting there and we don't need to set aside more dollars. They were actually able to reduce our budget by \$19,000 primarily for that reason that we already have set aside what we need for vehicle replacement. Some of the efficiencies we're using in Streets to try and save money for the City is we have been able to do much more with sign inventory inspections. We have been under the gun to go out and make sure all of our signs meet retro-reflectivity standards. Retro-reflectivity is if you come up to a sign no matter what angle you're looking at it from the light reflects back at you from your headlights whether you are straight on or from the side. There are certain standards laid out in the manual for Uniform Traffic Control Devices that establishes different classes of signs and how they need to meet that. We have been able to improve on some of our inventory control. We are actually able to replace the signs as they need to be replaced and over the long-term save some money. A big thing we do is our crack sealing program. We use our seasonal employees as well as our staff and we go out and do crack sealing on our streets. By going out and sealing those cracks at this point before they become potholes we are able to save the street and extend its life. The crack is the first step in becoming a pothole and leading to the failure of the street. The worst thing that can happen is you get water down into the sub base. We don't have a lot of problem with the (inaudible) but it's a problem the same as everywhere else (inaudible) breaking up the street and causing potholes as your potholes develop you need to replace your streets faster. We have a pretty good program with crack sealing as well as we are trying to do overlays where we can and diminish our street reconstruction needs. We are not spending the big dollars for street reconstruction we are doing it at a lower cost with the crack sealing and the overlays. Another thing we've been doing a lot of in the recent years is using thermal plastic for pavement markings. It used to be in the old days you went out with a can of latex paint and painted down the lines and then came back three or four months later and did it again because with cars driving over it didn't last. Then, it went to epoxy and things lasted a little longer. Now the state-of-the-art thing is using thermoplastic. You actually melt plastic into the roadway surface. It embeds itself and stays

there and it's of a thickness that it lasts. What you find is, depending upon the location and how much traffic there is, you can get anywhere from 3 to 10 years out of one application. Is that a cost savings? Yes, because if you don't have the manpower out there doing that you are saving a lot of money in the long run by having to apply it once rather than applying it once or twice a year. It has really been a big cost savings for us.

We will move into the capital projects on the Transportation side. Here are the page numbers. As you can see this will be in the smaller book, the capital book. The first one we have here is the Fruitdale Trail project. While it's in the Transportation budget it is actually more of a Parks project but because the work is being done in the right-of-way it shows up in our funds. In this particular project we will be constructing a trail within the right-of-way along Fruitdale Creek. There is \$90,000 going into this project and it is coming out of the bikeway fund. You will see later on as I'm talking about capital improvements we move funds from the transportation fund into the bikeway fund. We are required by Oregon State law to move a certain percentage of our gas tax money into alternative modes of transportation primarily pedestrian and bicycle. What the City has historically done is we don't just meet what State law says we double it so we are putting in twice as much. The bikeway fund is a big part of that so we're taking out \$90,000 for a specific bikeway/multi-use trail project. The total estimated project cost for this is \$460,000. We can expect in the future it will need routine maintenance.

The next project is the Redwood Avenue Dowell to Hubbard project. This is the one known as the Phase 2 project. I talked about it a little earlier where we are putting in a center turn lane, a lot of drainage, sidewalks, and bike lanes. The funding going into this project this year is we are establishing through City Council a reimbursement district. The adjoining property owners will be assisting in paying for the improvements they would normally have to make if they were doing this project themselves. The City basically pays for it up front. Then as these properties develop in the future or in some cases they have existing deferred development agreements, where they set aside money way back when they developed previously, that money will then come back to the project or it will be collected when they develop their property at a later date. This is establishing there will be \$700,000 via that funding source coming back into this project. There was an error in the capital book on this. The project cost is not \$64 million as is shown in there it is actually \$4,600,000. You can correct that if you like. Like most of our projects the future and ongoing costs will be the routine maintenance.

The next project is Lincoln Road/Lower River Road to Bridge Street. This is a project in which we are widening the road to include sidewalks and bike lanes. This is one of the main thoroughfares to get over to Reinhart Volunteer Park. In this project we're putting in \$50,000 from transportation system development charges as well as \$50,000 from gas tax proceeds. This project is actually going to be starting fairly soon as we have just recently acquired the last of the right away we needed. This project has escalated over time. It started out much lower and then because of the demands of the project it is now just over \$500,000. Again, this will require routine maintenance in the future.

The next one is a pass-through project. It's for Josephine Community Transit - ODOT Operating Grant. This is where we are getting funds from the State for the operation of the bus system for that which occurs within the urban growth boundary. The funding here is \$136,750 coming from an ODOT grant. However, it does have to be matched with local funds. There is \$39,000 coming from the CDBG fund 252. Also, this is the first year and you will probably see it in future budget years, a match for this project will be coming from the gas tax as it is an alternative means of transportation. There is \$16,000 proposed in the budget for this. There will be ongoing operational costs on this. Hopefully it's a never ending project. There is not an ultimate total project cost as it just continues on year after year since it is in operating cost.

Allen Creek Road/West Harbeck to Denton Trail - those of you who went on the tour tonight drove this segment of road. You could see when we were out there it's a very narrow, two-lane road, with no shoulder, no place for bikes or pedestrians, and storm water is handled right off the edge of the roadway. You can step out of a car and step into a ditch. This is going to be a widening project and we will be putting in sidewalks. We will also be improving the drainage. As it is being currently contemplated bicycles will be included in a multi-use path on one side of the roadway. There will not be bike lanes on the roadway in this project. This is out in the UGB. The County has agreed to participate to the tune of \$120,000. We received authorization, a number of years ago, from ODOT for an STP modernization grant where we will be getting \$950,000. We were previously going to be getting \$1.2 million from Congestion Mitigation and Air-Quality (CMAQ) funds for this project, however, due to some good work on the part of ODOT they went back and recalculated and figured out what we were going to be eligible for and we are right now looking at adding to that sum. Once Council approves the amendment to the contract that \$1.2 million will actually become \$2,760,095 in CMAQ funds. That will significantly reduce the amount of local funding needed for this project in the future.

This is a project we have not actually started designing yet we are hoping to in the very near future. Right now it is estimated this project will probably not see construction until fiscal year 2017 maybe even fiscal year 2018. We are already starting to set aside funds for this project because we do need to have match for all of these grant funds coming in from the outside from ODOT. Right now the total project is estimated to cost \$4,641,000. This does have significant ongoing costs because we have not started any work on it so design, construction, and then maintenance once it's done is all forthcoming at this point.

CMAQ Sidewalk project - this is a project a long time in the coming. We've been trying to work out how this would happen. We were going to use CMAQ funds to put in sidewalks in those parts of town where it's not available. We found within a certain radius of all of our bus stops we could use CMAQ funds to install the sidewalks. However, we wanted to be able to do it to our best advantage. If we were going through the Federal Highway Administration there were very restrictive requirements - how we had to do the design work, we would have to hire a consultant, they would have to meet all federal requirements, we would have to go through environmental assessments, we would have to go through historic preservation, and all these other things. It would drive up the cost significantly. Using some of our grant writer's expertise as well as talking to CDOT if we transferred those funds from the Federal Highway Administration to the Federal Transit Administration we could do it without a lot of those restrictions. It's taken us about three years to get that accomplished and we are seeing the project started now. We have design work going on and you'll start to see construction later this summer. In this first year we are looking at \$700,000 in CMAQ funds being matched with \$50,000 in gas tax funds in the fiscal 2016 budget. The total project cost when this is all done is estimated at just shy of \$2 million. We do have design, construction, and routine maintenance still forthcoming on this project.

Bike Lane Striping - this is one of those projects where we take those alternative funds from the gas tax that goes into the bikeway fund and we go out and do striping around town. You saw some of that tonight if you were on the tour. You saw where we did some green striping at some of our intersections where we have potential conflicts between bicycles and motorists. Also we go out and stripe the lines along the edge of the pavement to designate the bike lanes. We also put in signage where it's necessary and where it needs to be replaced. This is a project we've been putting \$75,000 a year into for this work effort. That is something we try to do every year and that money comes from the bikeway fund.

A project from City Council's goal setting a couple years ago was the Gilbert Creek Bridge Replacement on Savage. It's a project we thought we would've had under construction a couple years ago because we found we had a design done not too long ago around 2001 or 2002. We thought we could use the same design and go forward and get the project done easily. When we started talking to ODOT we found out bridge standards had changed since that design work was done. It would not be cost effective to use those designs. We had to hire a consultant and do a new bridge design which cost additional money. On top of that we're now working in Gilbert Creek and it is a fish waterway. Going through all of the environmental work National Marine & Fishery Service (NMFS) was reviewing our plans and they required us to make modifications to the plans because we had to be able to get fish passage up past this bridge. They held us up for about six months or longer and made us change the design. When we finally got the changes made and got them to approve it we are still waiting, to this day, for approval from the Army Corps of Engineers. We got the Oregon Department of State Lands approval on this project because we are in the waterway but we are still waiting for the Corps of Engineers approval. We have a very narrow window when we can work in the creek from some point in mid July to September. In order to get that done during that window we should have already had this project out to bid. We don't have the authority from the Corps of Engineers to do that and we still have to acquire a little right-of-way for the project. My best guess is this project won't be done this calendar year but we will probably get it done next calendar year after we get the last of these approvals. To get it done we do have to fund it completely and right now we are adding an additional \$205,000 from the general fund. This project has escalated over time because of all these changes. We are now up to \$800,000 to replace what is basically a culvert in the creek.

Overlay & Maintenance project - this is where we go out and do our overlay work throughout the city. We try to get as much done every year as we can. This year we have been able to allocate \$300,000 in gas tax funds. We do work every year as best we can so we don't have a total cost of what it is. This year I believe our project is primarily over on Portola. That project is in design right now and we should be getting that out to bid here in the not-too-distant future.

This is the second Redwood Avenue project you will see tonight. This is Phase 3 as we call it from Pansy Lane to Redwood Circle. This is where we are going to be putting in the traffic signal at Allen Creek Road. You will see a fourth leg go into that intersection at Allen Creek.

The road will now continue to travel north and then it will bend and turn into the Fairgrounds and go into the YMCA parking lot. The project will also include a center turn lane as the rest of Redwood Avenue has and we will be putting in drainage that does not exist as well as sidewalks and bike lanes. The funding required to accomplish this is \$150,000 from transportation SDCs, \$600,000 from gas tax, \$50,000 from water operations because there is going to be a water line replacement required as part of this project, as well as \$100,000 from the general fund. This project is currently estimated at \$2.2 million. Right now if things go well with the design and getting all the approvals we need from ODOT we are hoping we will get this out to bid this fall. Then, the traffic signal can get ordered and everything can be ready to go so we can go to construction early next spring and have this project completed before the fair in mid-August of next year so 2016 construction primarily.

Another project on the tour tonight was the Elmer Nelson Bridge Replacement. This is a very narrow, weight restricted bridge over Sand Creek. It was a bridge put in by the contractor who started development on some of the subdivision work in that area. It is just not built for the traffic it will get when this subdivision is finished. This is replacing that bridge providing alternative access to Hubbard Lane. Right now it is starting design. We have our city engineer work in on this and we are allocating \$600,000 of gas tax funds in the current budget. The total project cost is \$1 million. This is a project we are hoping to build next year.

This is one of the few new projects we have in the budget. This is Booth and Isham. If you follow things go on with City Council you would know we closed this intersection to traffic coming off G Street. We have put up temporary barricades so this project entails going in and making permanent improvements, putting in some new curb and gutter, some sidewalks, and basically turning that into a cul-de-sac. We do have a water line that needs to be replaced in there so we don't have to tear up the road later. We have \$50,000 from gas tax and \$50,000 from water operations to do this project. The total project cost is \$100,000.

Terry Lane - this is another new project from City Council. It is somewhat associated with the arrival of Winco Foods into the community. It was desired by City Council to widen Terry Lane to accommodate pedestrian traffic. It's a very narrow two-lane roadway with no pedestrian access right now. Also there is very limited drainage. When we started looking at the project we saw we have a water line that needs some work in there. This is being paid totally by the

general fund because it was a late arriving project. It is \$370,000 and right now the project is in design. We are anticipating it will be completed by November of this year.

Sidewalk Repair - this project is where we take some of our gas tax funds and put them into these alternative means of transportation. This is our sidewalk infill and repair fund to assist homeowners in replacement of sidewalk or putting in new sidewalk if it's appropriate in front of a piece of property. We typically put in \$50,000 each year for this project.

Bikeway Fund – this was the one I mentioned earlier, the bikeways fund and this is being funded at \$100,000 this year from gas tax proceeds. As you can see there is actually \$100,000 going into the fund from gas tax but we're taking \$180,000 out of the fund for projects this fiscal year. It's actually a carry fund. We put funds into it and then they go out to specific projects over the course of the year.

On the storm water side we don't have a lot of money to spend. In this particular case we're looking at putting in a storm water quality feature over on the north side of Estates Lane. We have a situation where we are dumping storm water including sediment and debris into the South Downs Estates pond. We are putting in this storm water quality structure to catch the debris and sediment and save that from going into that private pond. It will be \$90,000 from the transportation capital projects fund and the total project cost is \$245,000. That is it for Transportation. At this point I would take questions regarding the transportation fund. While they're fresh in your mind you can ask those.

Committee Member Rall stated, on our tour today you talked a lot about some right-of-ways and having to purchase those right-of-ways. I'm curious where those funds come from to purchase the right-of-ways. Is it part of that project? Is there a special fund allocated to purchase right-of-ways when we do need them?

Public Works Director Haugen stated, it is a little of both. If we have a specific project, let's say Terry Lane, where we know we have to get right of way we try to allocate funds within that particular project for the purchase of right-of-way so it comes out of that fund. Sometimes we do have a small project come up where we do need some additional right-of-way and we do try to carry over a capital project fund specifically for purchase of right-of-way. We do have a little

of both. In cases where we do have a large project we do try to purchase right-of-way out of that capital project cost.

Committee Member Rall stated, the resources you mentioned for the transportation projects there is a capital construction fund which is usually half the dollar amount of the resources. I'm curious where that comes from. I'm not that familiar with it.

Public Works Director Haugen stated, capital projects we have larger funds all of our SDCs go into as they accumulate over the course of the year. We do not allocate SDCs until they've been collected. They're usually collected the year before then we spend them the following year. We do that with other capital projects especially if we have capital project costs that get closed out and we have excess funds. They go into a carrying fund where those funds accumulate and then we transfer that out of the fund into the particular project we're trying to build.

Committee Member Rall stated, I have noticed that is the same for the water budget and also the wastewater treatment. That answer would be applicable to those too?

Public Works Director Haugen stated, yes.

Councilor Roler asked, is the big drop in capital construction (inaudible) transportation from 2016 to 2017, it's about half, is that due to us not collecting transportation SDCs this year?

Public Works Director Haugen stated, at the end of each year if we have been able to save money through the operational budget that goes back into capital project funds for the following year. We really don't know exactly how much is going to be there until the end of that closing year. We budget on the low side not anticipating we will necessarily have those funds available, but then when we do we put them towards capital projects. Part of it is also due to the fact transportation SDCs are not being collected right now. City Council has credited those fees for all development projects approved before June 30th. We are collecting no SDCs now and that will make a big difference in the fiscal year 2017 capital fund.

Finance Director Meredith stated, I just want to elaborate on that a little bit. There is actually a slight increase from fiscal 2015 to fiscal 2016 in the transportation capital program. When we

put these budgets together you do see a drop from the next year's budget to two years out, which would be fiscal 2017, and that is because we assume the resources are used throughout the year and so there is not a whole lot of carryover into the next year. This is just the way we budget two years out versus one year out. There is a little more in resources and requirements in the transportation capital program from 2015 to 2016. The total budget in 2015 was \$11.7 million and the total budget in 2016 is \$12.4 million. We have a little more intergovernmental revenue particularly for some of the projects Terry just described. The basic funding mechanism for transportation is not so different from the water and wastewater utility. In the case of transportation we have about \$3 million of annual recurring revenue that can go to support infrastructure. Some of that is taken up by maintenance and whatever is left is transferred to the capital program. In fiscal 2016 \$1.4 million is being recommended to be transferred from the operating fund that collects the revenues into the capital program. That is made up of your street utility fees and gas tax. Gas tax brings in about \$2 million per year and the street utility fees bring in a little less than \$1 million per year. Those are the ongoing resources that support your transportation system.

Councilor DeYoung asked, is there any requirement at all for Josephine Community Transit to get a little more self-sufficient? We keep pouring a little more in every year.

City Manager Cubic stated, Josephine Community Transit is an independent entity. We don't have any authority on how it operates. We do have a partnership with them and we do have some flow-through money that goes to them. Councilor you are right we have increased our contributions to them. As some resources have gone down at the County level we have sparked some additional funds to help with the matching funds of some of those transfer dollars. We don't have any authority on how they operate and what they do. We do have the ability to provide suggestions and they do give us reports every once in a while. We do have the ability to talk with them about that.

Finance Director Meredith stated, to elaborate more on the partnership with Josephine Community Transit in the next couple years we are providing about \$16,000 per year as the match for purchase service agreements the City is applying for and then turning over to the district. One big benefit they have provided to us in recent years is the CMAQ program Terry described that is going to be doing close to \$2-\$3 million worth the sidewalk projects. It is now administered through Josephine Community Transit on our behalf. They are now returning the

favor. It would be a much more expensive and time-consuming project if we administered our Congestion Mitigation and Air-Quality grant through the former process we used to have. We are seeing a significant benefit from their partnership in that regard.

Councilor DeYoung stated, on the Gilbert Creek bridge project one of the reasons and it appears on there in the report is that it's because we want to put a sidewalk and bike path across there. The bridge has been caving in for I don't know how many years and it takes a lot of resources to go fix it every year. That is probably the reason I think I brought it up two years ago at goal setting. That was the reason why I didn't want to have a bike path and a sidewalk across it (inaudible) keep me up at night but people falling through the bridge did. I also have a couple suggestions. I would like to see a map on some of these capital projects because I didn't know where some of them are in Grants Pass and I've lived here a long time. A little map would be helpful. Terry you've done a great job using the words the abbreviations mean. I think we need to have a glossary of those in the back for new members and for us old members who can't remember what the acronyms are. That would be nice.

Councilor Roler stated, I had a question about the Fruitdale Creek Trail. There is a partial one there now so is this going to finish it out and put a park in there? The trouble with Fruitdale Park is you can't really go anywhere from there. It comes out on Cloverlawn or Hamilton and both of them are fairly busy and I don't know if there is even a bike lane there anymore. I was just wondering what the \$450,000 was going toward.

Public Works Director Haugen stated, I am going to have to ask for a little help on this one. Lora do you have any of the specifics on that project? Joey do you have anything? Joey is saying it is primarily two bridges and then interconnecting trails in between there in the Overland area.

We will now move into the Water fund. Water is broken up into Treatment, where we are looking at a very small increase in fiscal year 2016 of less than \$4000, and Distribution which is a larger increase to the tune of almost \$47,000. Customer service, as I spoke of earlier, is a charge for services I get from Finance. Debt service - we do have an outstanding loan we're paying off and there's a very small increase in next year's payments. Capital transfers - I'm very happy to show this one because as you can see there is going to be an additional almost \$1.2

million going towards capital projects I'll be describing here in a few minutes. Contingency will be staying at 25% but it shows an increase of \$43,000.

In the Water Treatment operational budget - personnel services is going up \$35,000 and again that is going to be almost exclusively because of the comparative wage study adjustment made by City Council. Materials and supplies is going down just shy of \$15,000. Contractual and professional services is increasing \$3400. Direct charges is unchanged. Capital outlay is going down \$17,000 but again these are very small capital projects and I will describe what we will be doing in 2016. The total requirements over the entire treatment budget is going up less than \$4000. The specific adjustments – there is the comparative wage study adjustment. We keep fine-tuning our chemical usage in the process and we are projecting we will be spending \$7500 less on chemicals next year. Our landscaping costs at some of our properties are going down so we are budgeting \$7500 less. I wish I could say the same for power but Pacific Power does keep increasing their bills and we are very energy dependent in producing our water so that is going up by \$11,000. Our capital equipment purchase in this area is \$5500 and it is for water quality monitoring equipment. I'll give a little explanation of what we're doing with this. We are putting monitors out in the distribution system so we get real-time monitoring of what is going on out in the system. In the past we would add chlorine at some of our pump stations because as it gets further away from the plant we need to add more chlorine to keep a chlorine residual in the water supply and keep it properly disinfected. We didn't know exactly how much though. By putting this water quality monitoring equipment out in the system we are actually able to read how much chlorine we need to add so we can add exactly how much we need rather than an estimate of what we need. We are able to reduce the costs and yet at the same time we are also providing better tasting and smelling water to our customers. For a very small investment we are providing a much better water supply for our citizens.

On the Water Distribution side of the budget - personnel services costs going up \$29,000. Materials and supplies is going up \$15,000. Contractual and professional services is going up \$6500. Direct charges is going down slightly \$800. Capital outlay going down \$3500 and I will explain exactly what we're spending there. As you can see over the entire operational budget for Distribution it's going up \$46,700. Here we are again seeing the comparative wage study adjustments the Council approved. We do see inflationary increases on our repair parts - brass and copper and all of our other materials keep going up and we have no control over that to speak of. We do keep trying to find cheaper alternatives but with certain things we don't have

options so we just have to live with those. One of our costs included in materials and supplies is we're going to be getting a new tapping machine to replace some of our older equipment. It's a small enough purchase it doesn't fall within the capital outlay so it shows up in the operational budget, but it is \$4500. It's a one-time per purchase so you should see that go away the following year. On the capital equipment side the two things we're buying there is we are replacing a pipe saw with a different model that is more efficient and does a much better job that costs \$11,000. Also, we have \$45,000 budgeted for installation (inaudible) new water services out in the system.

Efficiencies and the Water Department - every year we are going out and replacing water meters so we can stay on top of our billing with our customers. We have a program where we try to replace water meters every 15 years. As we go out and replace those of course we pull out the old meters and we sell those for salvage materials and that money goes back into the fund. We try to save a little money there. We contract for services only where we have to but we do contract for those services we don't do a whole lot of. It is to our advantage to pay someone else to do it as opposed to doing it ourselves. Sometimes we could go out and buy large pieces of equipment and man ourselves up to do jobs we may do only once or twice a year. It's more cost productive to contract that out to a private contractor and save money in the long run. We do hire temporary seasonal employees for short duration projects. That frees up our full-time employees for technical work. A big part of that is our meter replacement program. We hire seasonal employees to go out and replace most of those meters we're replacing throughout the course of the year. We do use full-time employees as fill-in jobs when they are between larger projects but a lot of it is done with our seasonal employees. Another big part where we use temporary seasonal employees is, as I mentioned earlier, at the water treatment plant where we have to operate the plant 24 hours a day during about four months in the summer. We primarily hire college students but it was interesting when we were looking this year we actually found some older people out looking for work. We had to make sure they understood this job is only for 3-4 months, it is not full-time employment. It was interesting. In past years I think we've had very minimal applications and how many did we have this year? We had 45 applications for water plant operators for four months worth of work where in years past we were lucky to get 3 or 4 people. Sometimes we were scrambling to get enough people to fill the jobs. This year we were very lucky. Another thing we do is as opposed to going out and manually digging with backhoes and excavators all the time in the ground we do what is called hydro-excavation. This is where we use our big sewer-combination truck but we use the

vacuum side of it and we are able to dig holes with the vacuum side of the truck. We are able to dig around other utilities as opposed to being out there with a backhoe where you could very easily dig into a power cable or a fiberoptic line. With hydro-excavation you are sucking the dirt out of the hole but you aren't actually digging so much. It saves us time and money and it is much more efficient in some of our smaller applications and we don't have situations where we are going out and breaking other pipes and lines. We also share technology between treatment plants to save money, especially with our SCADA system between the water and wastewater plant. We share extra equipment and back up parts so as we need those parts we don't have to have two of them on the shelf for both plants, we just have one. We are able to save money that way by sharing spare parts. We are also constantly trying to optimize our treatment processes. We're looking at ways to reduce our chemical usage and power costs. We're always looking at that because as I mentioned our power costs are going up every year. If there is any way we can tweak our system through variable frequency drives, or improved lighting or whatever to save power costs we do it. The other thing we do is we have a master services agreement for our consulting work in the water fund. It allows us to have an engineer on staff all the time. If we have emergencies come up or for specific projects that are small in nature we have a consultant we can call on at a moment's notice and get their expertise and save money and not have to go out and procure services of a specific consultant for that job. They know our system they know what our needs are and they're able to provide us service Johnny-on-the-spot.

Capital projects - Reservoir and Pump Station Site Purchases - this project is where we set money aside to purchase property for future pump stations and reservoirs as we see it come available. We have not actually expended any money out of this project for a few years but we do continue to set money aside because we do have locations where we will need to be putting in new reservoirs and pump stations. We are looking at putting \$65,000 into this project this year but we only spend it as we identify the sites and negotiate for those properties. Distribution Master Plan Update - as I mentioned this is the project we're doing this year. This was last completed in 2001 so it's been a long time coming. In waiting that long, while we had money set aside for it, when it ultimately came time to do it we needed some additional funding so we are putting in an additional \$50,000 to complete that work in this fiscal year so the total estimated project cost for this is \$200,000. Water Treatment Plant Structural Repairs - we have things that fail at the plant and we need to make repairs on an ongoing basis. Every year as we can we put money aside for those improvements and this year we're asking for \$75,000 to be

set aside for those capital improvements as they become necessary. As I mentioned we have a master services consultant and we do set aside funds for that. We just pay them as we use them so it's not an ongoing cost if we're not using them. We are asking to put \$70,000 aside for that work this year. A lot of this is if we do have larger projects that come up the smaller consulting services develop the scope of the work and are able to provide us the project estimate and get us going on the project. We only spend this as we need to. It's not a fixed cost by any means. Water Treatment Plant Upgrade - this is the biggie, this is the one hanging out there, this is where we need to replace our water treatment plant. We have seismic deficiencies. The plant has never been designed to meet any seismic requirements even though we live in the Pacific Northwest and we know eventually we are going to have an earthquake. We did go through a major planning effort and we developed a facilities plan. Council has gone through the process of assigning a committee to take a look at this and make a recommendation. It did come back to City Council and they approved the facilities plan. What the plan calls for is the replacement of the water treatment plant at a new facility with the location to be determined. It could potentially be on City owned property or we could have to acquire property. Right now we are waiting for the strategic plan to be completed before we go forward with the actual acquisition of any property, however, we are doing the pilot city work. I am pleased to say through the increase of utility fees for water in the last couple years designated for capital projects and the fact we've been able to save money in other areas we are proposing we have \$3 million we will set aside for this project. Every dollar we can set aside up front will reduce how much we have to borrow for this project. The current estimate, and this is just a planning level estimate, is it will cost \$56 million to replace that water treatment plant. It is probably the largest project the City will see for some time into the future. We are proposing here \$3 million will come from the water capital projects fund for this project as well as \$200,000 in water SDCs. This year we anticipate once we get the strategic plan from Council, if it is determined we are going to go forward with operation by City forces, we would acquire some property, we would then begin design on that facility, and ultimately we would construct the facility. Hopefully, about six years down the road we will be able to produce water at a new facility that does meet structural requirements. Water Main Relocations - this last year we did complete one project where we had a water line going underneath one of our major employers in town, Rogue Valley Door. It was very good to get that one done. We do have some other water lines running underneath homes in the community and that's not a good situation to have a city water line going underneath someone's home. This project is setting aside funds to be able to eliminate that. We already have some funds set aside. We are

proposing in fiscal year 2016 to put an additional \$100,000 in water capital project funds as well as \$100,000 from the general fund to go toward the total project cost of \$600,000 to eliminate those water lines that go underneath homes. In most cases what we have to do is reroute those lines to another location because we still need to maintain the looping. We can't just dead-end the line on either side because we still want to maintain proper fire protection in those neighborhoods. Small Main Replacement - this is a program the City has had for a long time. We have a lot of two inch mains out there in our community. They were put in many years ago. They can possibly serve the needs of the people on that street, as far as domestic use, but sometimes they don't. They don't have adequate pressure or maybe flows are limited and they definitely don't have any fire protection. As we're able to we go in and replace those water lines with standard water lines that would be a minimum of eight inches or larger based upon the location and what the needs are for the fire protection. In fiscal 2016 we are asking for \$350,000 to be set aside for this project. We are currently estimating work at \$700,000 but that is an ongoing project so I'm sure over time that will go up. That completes what we have proposed this year for the water fund so I will be glad to answer questions.

Councilor Lindsay stated, on page 78 is the project WA5096 which apparently is the catch all for repairing the water treatment plant as needed. Are there any funds in there as a carryover into 2016 or is the \$75,000 just an estimate for what you'll need this year without any carryover?

Public Works Director Haugen stated, no there are carryover funds. Joey do you have any idea what we're sitting at right now? We have about \$180,000 set aside there right now so this is just an additional \$75,000 for potential work in the upcoming years. I won't say just one year. We could have something major happen and we could eat at that whole amount in one year.

Councilor Lindsay stated, that is my concern because the last time I took a tour through the water treatment plant Jason was pointing out some things. I said to myself, wow, there are some areas in there that could have some very significant problems. I was just curious as to how much there was available.

Committee Member Morin stated, you mentioned electricity is very high. Is there any possibility of utilizing either solar panels in the plant or even putting a hydro-generator as part of the process in the river to pull some electricity or are there regulations preventing that?

Public Works Director Haugen stated, that definitely is a possibility. In fact, we have looked at options at different times. Up until this point we haven't found a project that is feasible and we have pursued many of them. We've looked at solar applications but for the most part we have been told we don't have a large enough area to put it and to make it cost-effective for our sites. I would certainly hope if we build a new water treatment plant we would be able to incorporate that into the design so maybe some of the roofs of the structures could be utilized. Right now we currently pump water to the North Valley area and we go up over Merlin Hill. When we get the water up to the reservoir on the top and then it goes back down the other side it's at a very high pressure. We have pressure reducing valves to deal with that and we are basically wasting that pressure. One potential project we have thought about is we would put in generators that would take that water pressure and create electricity. The problem we have with those types of projects is usually the up front cost is so much that the payback may not be there within a reasonable period of time. That is something we've been considering on the water side to do in the North Valley area but we just haven't been able to find the funds to be able to do those upfront costs. On the wastewater side of it what we have is over at the wastewater plant we discharge back to the river. We have free flow going to the river and we looked at putting in a generator there to catch that energy before it dumps into the river. When they came out to do the estimate, with the Energy Trust, they said it was such a small amount of water it wasn't cost-effective to do that. We are continually looking at those types of options to see if we can do them but we haven't found one yet that is feasible. I certainly hope when we do look at building a new water treatment plant we try and include some solar power into that process.

Chair Brandes asked, maybe on top of one of the reservoirs you could put solar panels? I don't know. Are there any other questions?

Committee Member Rall stated, this might be more applicable to the PAVE Committee meeting next Thursday. In building these new water treatment plants is there any consideration of maybe building two smaller plants? One on each side of the river that might have expanding capacity for future growth? I know right now the one on this side of the river services the other side of the river also and the whole city. Would it be more effective to build two smaller ones on each side? That might be more for the PAVE Committee but I thought I might throw it out.

Public Works Director Haugen stated, it is something that can be looked at. Part of the problem is you have to man both of those facilities and if you have to have staffing at both plants it may

not be cost effective to do that. Right now you have staffing for one facility and we currently have piping under the river that covers the demands of both sides. We also have reservoirs on both sides so as long as we can get the water to the reservoirs we're in pretty good shape. On the water side I don't know if it is feasible. However, when we start talking about wastewater, that is something that has been looked at. With that then you go back to the old Redwood Sanitary Sewer Service District where we had a separate plant out there for the Redwood area and back 15 years ago it was decided we were going to get rid of that plant and pump it all to the wastewater plant to treat it at all at one location. Whether or not it's feasible or not I guess that is something to be contemplated through the PAVE study and through the consultant. They can give us their expertise.

Committee Member Morin stated, I have a question about the plant. Clearly there is a need there and clearly the price tag on that is scary. I know Council has been looking at that as well. This may be a question more for Jay so I can understand. If we end up having to do a bond for approximately \$45 million for however long that goes what are the calculations and projections as far as cost for each family in the city? I know those questions are coming out from folks about that. Like you said this is an enormous project. I'm trying to understand and wrap my head around what the cost is going to be moving forward. If there are any projections we can share that would be very helpful.

Finance Director Meredith stated, obviously we're so early in the process we can't provide any figures and say you can rely on this. However, if the City took it on without any type of partnership arrangement, which we will be studying over the next year, and we went out and used the resources we have available internally to pay for what we could and did a bond offering for the rest it would be very roughly, for your average household that doesn't use a lot of water, say an average amount during the non-summer months of about seven units of water per month, 6 to 7 units being average, so for your average single-family household it would be very roughly about \$12.00 per month would be the impact. Again, those are really, really rough numbers at this point.

Committee Member Morin asked, is there Federal grant money available for projects such as these, as far as for community development or things like that? I'm sure you're looking into all of that. I'm just trying to catch up on the conversation.

Finance Director Meredith stated, there are a lot of loan dollars available through both State and Federal programs and a little bit more so with the State. The loan terms available through most of those programs are very similar to what the terms would be if we borrowed on our own. We will still pursue them and look at all the terms but it is my guess, with the strings often tied to those loan programs, it's probably not as likely we will be pursuing those. We are a fairly highly rated bond issuer, a AA- and the same equivalent with Moody's, which means we are fairly high rated and get very reasonable rates if we do have to borrow in the bond market. Any type of borrowing is very expensive even in a low interest-rate environment. The goal is to build what we need to build and borrow the least amount we need to in order to make it happen.

Public Works Director Haugen stated, to further expound upon that as far as grants go there are not a lot of grants available anymore. It's very limited when it comes to grants.

Chair Brandes asked, are there any more questions?

Committee Member DeHoog asked, when do the wheels fall off the wagon on our existing water plant? Are we running on borrowed time? Are we planning our own disaster here or what is the status?

Superintendent Canady stated, the wheels are not falling off but it has been a gradual degradation over the years and it is getting progressively worse. What we are seeing is an acceleration of the concrete and rebar starting to fail. If we don't start to act pretty soon we could be on borrowed time. A failure could be tomorrow or 10 years from now. I don't want to say when.

Committee Member DeHoog stated, we don't know. My question is if we know that is where we are heading it would seem appropriate to figure out where the site is going to be. Then, my next question is we keep trying to think we have to buy the whole thing and start it up. Can we do a phased start up at lower capacity and slowly phase in to this water treatment plant or is that not possible?

Public Works Director Haugen stated, that is definitely possible. In fact those are some of the decisions City Council will have to make. When we estimated these costs they were planning level estimates at 30 million gallons per day capacity. If Council so desired they could design

for the same 20 million gallons per day we have now with it set up for expansion to an additional 5-10 million gallons per day or whatever the city would need. However, there are certain cost efficiencies that go along with that. It might be cheaper to build for 30 million gallons now and not have to expand it 10-15 years down the road. Those are all decisions that will come before City Council and they will make those decisions. It will not be staff driven.

Committee Member DeHoog stated, I think that is probably an easier decision because to me once we make the decision to indebt ourselves to the whole \$56 million we are the old pig in the frying pan. It makes a lot more sense to scale into this and back into the debt service and then who knows what else we have on the wastewater side so we're not totally encumbering ourselves all one shot.

Chair Brandes asked, are there any other questions? Now onto Wastewater.

Public Works Director Haugen stated, Wastewater is broken up into Collection where we are seeing operationally an increase of about \$20,000 in fiscal 2016. Wastewater Treatment has a \$35,500 increase for operational costs. Customer services – again, which I have little to no control over, is going up \$10,000 on the wastewater component. Debt service - we do have an outstanding loan for wastewater facilities and that is actually going down \$8000 in fiscal year 2016. Capital transfers is the one area where we are actually seeing a little less in 2016 than we saw in 2015 but we are still looking at just over \$1.7 million in transfers in 2016.

Contingency - once again we are still maintaining our 25% contingency.

In the Wastewater Collection operational budget - we are seeing personnel services going up \$22,000. Materials and supplies is actually going down \$350. Contractual and professional services is up \$3400. Direct charges is down \$500. Capital outlay is at \$12,000 and I will explain exactly what that is. The total requirements, as I just said, for Wastewater Collection is going up \$20,000. What these changes are – the big one was in personnel and that is due to the comparative wage study adjustment made by Council. On the capital equipment side this is one area where we are actually being more efficient. We are installing trenchless repair sleeves where we have failures in main lines once in a while. What that allows us to do is as opposed to going out and digging up the street, doing a large excavation, and repairing the pipe from the outside what we do is we are able to go down on the inside of the pipe. We get to where the failure is, the clamp expands, and repairs the failure from inside of the pipe. Then we're able to

back out the equipment. We have saved the cost of excavating the street. While we are spending \$12,000 as is budgeted here, we are saving money in the long run by not having to do these excavations.

In the Wastewater Treatment operational budget - personnel services is going up \$21,500. Materials and supplies is going up \$14,000. Contractual and professional services is going up \$5000. Direct charges is going down slightly. Capital outlay is unchanged at \$1400. Total requirements for Wastewater Treatment is going up \$30,500. On the personnel side again we have that competitive wage study adjustment Council approved. With the UV disinfection replacement project we've talked about where we are replacing half of our disinfection unit we have saved money by stripping the valuable parts off the unit that has been taken out of service and removed this week. We are salvaging those parts and those are the same parts that will be on our backup unit we will still be maintaining. We are actually able to reduce the fiscal year 2016 budget by \$25,000 in parts replacement through the cannibalization we are doing of that old unit. However, on the other side, our wastewater plant is also starting to show its age. We have seen a lot more repairs this past year than we have seen in recent years. We are increasing our general equipment parts budget by \$23,000 which is reflective of the costs we have seen this year for repairing parts over at the wastewater treatment plant. On the chemical side we have to increase our costs a little bit. With the waste we are transporting from the old Redwood Sanitary Sewer Service District to the wastewater plant because of the long run through a forced main we create hydrogen sulfide within that waste. When it hits the open air in the gravity pipe it becomes exposed to our system, our pipes, our manholes, and then to the plant itself as it dumps into the plant. In order to reduce the deterioration of those components of our system we add bioxide to reduce that. We have been able to monitor much better how much bioxide we need to add to eliminate that hydrogen sulfide. We anticipate it is going to cost us an additional \$12,000. That will save us money in the long run because hopefully we won't have to replace pipes and manholes and influent control structures which we actually did two large projects on in the last couple years. By adding bioxide we hopefully won't have to do that again for a really long time. We also add polymer to our solids coming out of the wastewater system to thicken the sludge before it's hauled off. Before, when we were taking that to the Jo Gro facility and composting it while we did want to thicken it to some degree we weren't as concerned about how thick we got it. Now that we are paying Republic Services to haul it and paying for it by the pound we're very conservative. We want to eliminate as much water as we can and reduce the weight. We are adding some additional costs for polymer to reduce that

weight. We should in turn save that much money if not more so in the hauling cost we pay Republic Services for contractual services. At the old Redwood site we have been meaning to go out there and do site clean up. We have some old buildings needing to be demolished and we have some of equipment out there becoming an attractive nuisance. We had an incident this year where we had an alarm go off and we sent out our crew and found we had some vandals out there stripping our buildings of components such as electrical wiring, and piping, etc. We are proposing to spend \$12,000 and remove those attractive nuisances and get rid of those unnecessary buildings and clean up the site.

Efficiencies on the Wastewater side - we have just completed the sale of all of the excess Jo Gro equipment with the exception of one item left to sell. We did quite well. We made much more on some of the loaders we sold than what we anticipated. We sold a loader, a small tractor, the grinder, the screen, a lot of our aerators, and a lot of other equipment. We have taken all those proceeds and put them back into the wastewater fund so we can use that for operational costs in the next year. We did a good job and actually had two different places we were using. One was Govdeals.com and the other was Public Surplus. We actually found they don't necessarily serve the same clientele. We put out a minimum reserve cost of what we thought the equipment was worth. Sometimes we didn't meet that so we went to the other site and tried to sell it there and we would sell it for twice as much as what we thought the reserve was. It didn't make a lot of sense but different people are looking at different sites so we think we did pretty well through the sale of all that equipment. We are replacing the UV disinfection equipment. Like I said earlier we are salvaging all the usable parts. We are going to use those for spares but then also on the same side it's going to save us money in the long run through electricity. There is a seven-year payback on that project so after seven years we will be saving from all the expense we had up front. On top of that we are also getting money from the Energy Trust for that project in the form of a grant to pay for that project. Another thing we're doing is where we can we are doing in-house fabrication of parts. We are finding sometimes the parts for this older equipment are not out there and readily available anymore. Our staff is able to go out and buy raw materials and build some of these components for cheaper than what we could find them for, if we could even find them. We do that because we find it necessary and cheaper. As I mentioned earlier some services we use sparingly and we contract for those as opposed to buying the materials or the equipment to do that ourselves. I also mentioned the trenchless sewer repair sleeves we use so we don't have to excavate in the middle the right-of-

way. Lastly, very similar to the water side we have the master services agreement we use to save money for consulting services.

Moving into the capital equipment side of Wastewater - this is the big one in the room on the wastewater side. Our wastewater treatment plant is at capacity. As we see our city continue to grow through new restaurants, new businesses, new people living here and relocating here, we are going to have additional flow going to our facility. We need to expand that facility. We had a facility plan done and we adopted it last year and we have identified the total would be \$20 million of expansion costs for that facility. We've broken the expansion into three phases - the first is the UV upgrades we are doing right now and that is under contract at just over \$1 million. Phases 2 and 3, which is a whole list of primary secondary components for expansion, comes to \$18.6 million. There are very large costs associated with this to meet the requirements. It is not something where we can just say we'll pass on that or we'll discharge excess flow to the river. That isn't going to work because the DEQ is constantly monitoring us, but what is worse are all the environmentalists out there. While the DEQ might sometimes give you a pass if you violate all the third-party lawsuits that could come from environmental private interests if we were to discharge raw sewage or only partially treated sewage into the river, it would come back and bite us. We do need to expand that plant. Funding we have proposed in 2016 is \$1.1 million in wastewater capital project money, \$200,000 in wastewater SDCs, and as I mentioned for the UV disinfection project, we actually have \$207,000 coming back to the City through an Energy Trust grant for that particular project. Water Restoration Plant Structural Repairs - this is very similar to the water plant. We set aside funds for necessary improvements at that facility. As in most years we are asking to set aside \$75,000 from wastewater capital projects. Sewer Main Structural Repairs – this has been a big project for the City for several years. Our last adopted collection system master plan identified a lot of pipes in the core of our community that are structurally deficient. They are cracked, they have leakage, and they are getting excess flow coming from groundwater into our system that we have to treat at the plant. We are going out and trying to replace those as best we can. At this point we are working in the area of 5th Street and Pine Street. We're looking at transferring \$400,000 from the wastewater capital projects this year as well as \$155,000 from the general fund. We are still anticipating \$3.7 million worth of work to do and that is just what was identified in the last collection system master plan. There is a lot of work needing to be done out there, but I have to say we have been making great progress. Another good thing to report is we have received compliments from the local contractors that while a lot of the cities were offering little to no work, the City of Grants Pass

was putting out a lot of these small structural repair projects so we kept contractors in business through the recession and they were very appreciative of that. This has been a good project both for the system and for the contractors in our community. Collection System Repair – we try to set aside funds for projects that come up throughout the year. We will identify through our TV monitoring program deficiencies in our pipes, areas we didn't see were broken, etc. We set aside funds to make those repairs. We are asking for \$75,000 in fiscal year 2016. Water Restoration Plant Equipment Improvement – we have failures with our equipment on a somewhat ongoing basis. We set aside funds to pay for those replacements. In this next fiscal year we are asking for the same \$50,000 we have been getting the past few years. That would be the work in the wastewater side. There are very few capital projects. The big one is the expansion project that will be forthcoming.

Chair Brandes asked, are there any questions?

Councilor Lindsay stated, I recall when we had a rain event this winter the amount of waste being processed through the waste treatment plant drastically increased over the normal daily use. I was told it was due to leakage into the system from various areas in the city because of deteriorating waste collection infrastructure. My question is with the water treatment plant expansion and the big increase in treatment when there is a rain event has there been some discussion as to repairing and fixing the leakage? Based on talking with other people there's always going to be leakage. However, with the huge increase that was experienced the last time has there been a discussion of balancing the cost of repairing and fixing the waste collection versus the expansion of the waste treatment to handle that increase when it happens? Did I make myself clear?

Public Works Director Haugen stated, I think I understood. We do, we constantly look at that because in these structural repairs we are making, especially in the core area of the community, that is what we are trying to correct is that inflow that occurs where we have cracks in the pipe. Throughout the entire system most of the old clay tile pipes and concrete pipes drip and leak and you are not going to get rid of all of that because if you have the drip at every joint throughout the entire system it adds up to a lot of water at the end. When you have a storm event a lot of that is coming from cross connections out in the system. We don't necessarily know where all of those are. In the old days you had combined sewer systems where it was purposefully put in where the storm water and wastewater were put into the same system. That

was back before we had the EPA requirements. We treat all the wastewater and we put it to high standards before we put it back to the river. As we find those cross connections we try to eliminate them. We do the best we can. As you explained last winter during that one event we took 26.5 million gallons per day into the plant. Our plant is rated at 6 million gallons per day. We had all of that additional going in there. We can't afford to build to that level. We build for certain standards which is dry weather flows. We do eliminate most of those we can. The problem is when you try to eliminate all of those we can't afford to do that. Some communities have even tried to replace sewer laterals going into people's homes. They replace all those lines trying to get rid of the drip in the system. It still shows up somewhere else because what happens is you may stop in that area but the next block over the water table goes up because that's not draining there so it drains someplace else. You just move the problem from location to location. You are just chasing the problem. You try to find the worst ones you can, correct those and deal with them, but you're never going to eliminate them in totality. We are constantly evaluating that and doing the best we can to eliminate the worst ones.

Councilor Hannum stated, my question is on the trenchless repair. The only experience I've had with it is in the 4 inch service lines from the street to the house. I've had some experience with that. Are you using it on the main lines? Is that what I'm understanding?

Public Works Director Haugen stated, yes we are doing mainlines. We are typically using it for eight inch minimum mainline throughout the system but it is also available in bigger pipes. Most of our system in the collection system would be eight inch where we're using it.

Councilor Hannum asked, what length of sections are you able to repair? Is it a couple feet or just where the break is?

Superintendent Hamblin stated, [off mic] you have 18 to 24 inch lengths you can use. You can stagger them but the basic purpose is to take care of circumference cracks that go around the main. They make a couple different styles. One is for if you're getting a lot of water coming in then it is a specialized clamp. What we're looking at are spot repairs such as holes and circumference cracks. You can get different styles. Some are more for structural applications others are for water coming into the pipe. They are wrapped up, they go on a sleeve, there's an inflation plug that makes them expand, and they come back and contract and lock into place. They are also effective in blocking off laterals that aren't being used anymore. We are using

quite a few them in blocking off laterals once a place develops and it's never going to use another lateral again. There were a lot of laterals put in the system. There are some that will be used on the Winco project.

Councilor Hannum asked, and we are doing (inaudible) through our own department?

Superintendent Hamblin stated, right we do those.

Councilor Lindsay stated, I'm not a mechanical engineer but from a mechanical point of view do these repairs in any way decrease the flow of the liquid going through? Do they constrict to the size of the pipe in some way or is it minimal?

Superintendent Hamblin stated, they are composed of 18-gauge stainless steel so there is a little reduction. That is why we don't use them in six inch pipe applications because the terra-cotta pipe we have here in town we are barely able to get them through. In eight inch there is a little reduction but not enough to cause us to hold up the flow or anything.

Councilor Riker stated, the trenchless sewer repair sleeves sound very interesting and further information I think is very helpful. On a standard repair on something typical is it time efficient or does it take a long time to do it?

Superintendent Hamblin stated, it is site-specific. It doesn't take a long period of time and you only have 30 minutes to work once you put the epoxy on it. You have your set up time but you have to get it all in place in 30 minutes. We tow it down with the TV camera, have an indicator so we line it up with the hole, and then inflate it. You can't spend too much time on it or you end up with a brick. The key to it is you scout it first. We have all our TV footage so we look at it first and then there is some cleaning. It doesn't take a full day or anything. It depends on how many we are going to do. We don't like to pull one through another so you have to phase them. If you have two or three you're doing you want to work your way out from them. You don't want to be pulling a sleeve through a sleeve.

Public Works Director Haugen stated, you also look at the situation. You might have a location where you don't want to be out digging in the middle of 6th Street. If you put this in and don't have to excavate, backfill, and repair it is going to be much more time efficient that way even

though it might take a little longer with your time in the pipe. There are all those different costs you look at. Every location has its own intricacies to consider.

Councilor DeYoung stated, back to the money side of this project. You said there was some carryover before off the last master plan. In your presentation you said you had some things that didn't get completed in the last master plan and you moved them forward.

Public Works Director Haugen stated, we have a lot of work in the master plan that hasn't been completed. Joey, on the structural repair side are we getting close to 25% yet?

Councilor DeYoung stated, that is what I'm looking for is a percentage. Did you get 75% of the stuff done you wanted to do and you have 25% to look at in the future?

Public Works Director Haugen stated, I would say we are at far less than 25% completion of everything in the collection system master plan but maybe under the structural repairs - [Councilor DeYoung commented off mic] that was only one project and there were four structural repair projects. We still have a long way to go.

Councilor DeYoung stated, the reason I'm asking and Frank touched on it a little earlier is what is the magnitude of this thing? If you want to get your arms around something and we're talking about \$56 million in water and another \$18 million in wastewater and then we still have 75% to do from the last master plan...at some point in time I think it would be a good idea to look at the whole picture, all at once. If you're going to scare me, scare me good.

Public Works Director Haugen stated, I'm not sure if we did it last year or two years ago but we gave Council the total picture of all the master plans and everything yet to be completed. It was a scary number. This year we didn't prepare that because we are just starting the master plans for the distribution system as well as the collection system. When those are done we will come back again with the total picture of everything. What you haven't even considered yet is the transportation master plan and that is the one with a very scary picture. Everyone keeps talking about these wastewater plants and the water plants being huge numbers. When you get the transportation system master plan I think it's going to blow everything else away and you're going to wish you were going back looking at the water treatment plant expansion.

Committee Member DeHoog asked, between the water plant delivering water and the treatment plant at capacity one thing we looked at with another group is right now bonds are fairly cheap. There is some indication in the next few years the bond prices are probably going to increase. You also have some undone major maintenance, right? What normally happens is today's dollars are always normally cheaper than dollars 10 years down the road. To me, it would seem you're going to need some type of plan and you probably already have one. Do we beef up the water plant or do Phase 2 at the wastewater plant? Then, do we allocate some funds for major maintenance we have been unable to do on our own operating funds? Do we pull the trigger on that and get ourselves little better posture for the future? I'm fairly certain between you and your staff you're smart enough you've probably had some of these conversations. Do you have a five year window we need to pull the trigger on this project before we pull the trigger on the wastewater plant or vice versa and then we have this other major maintenance thing we get rid of.

Public Works Director Haugen stated, those are conversations we are having but I would fully expect through the PAVE process we are going through right now in doing the strategic planning that would be something that comes out of that. The consultant will tell us number one you should continue being a publicly owned utility or whether we should look at private and then also what our timeframe should be for looking at these projects and when we need to be pulling those triggers. Coming from an outside source I think would be a great resource rather than just coming from staff.

Finance Director Meredith stated, to elaborate a little the big picture absent any strategic changes for the city utility operations the Wastewater Phase 2 expansion would be next on the list. We could be preparing the financing issue for that as early as next year. That could be the start of preparing that. We do have a little silver lining in the discussion of the capital obligations and that is we make our final payment on the Redwood Sanitary Sewer Service District debt outstanding in fiscal 2016. About \$450,000 per year of debt service goes away after 2016 which gives us a little flexibility to be able to borrow for that Phase 2 expansion, if we choose to, without as significant of a rate increase as we would likely see on the water side. The water plant expansion would be the next up for a bond issue and then, of course, when we finish the distribution and collection master plans that has to all be factored into rates so we can tackle the distribution and collection projects one at a time each and every year as the resources coming from the regular ongoing rates would provide.

Committee Member Rall stated, this question is more for Jay. Are there any legal limits on the number of bonds outstanding we can have as a City? Are we restricted as to issuing bonds?

Finance Director Meredith stated, we are but it is such a big number it is not something we really monitor. Full faith in credit or general obligation bonds we would be limited to about \$70-80 million. You're limited to, I believe, 3% of the market value of the assessed value within your agency, your district. It's a fairly big number. We only have about \$4 million outstanding in the wastewater fund, about \$4 million in the water fund, and about the same general obligation bond for the Public Safety facilities too. That doesn't all count toward the limit. It depends on the type of bond issued, but we are very far under our legal limit.

Public Works Director Haugen stated, we will finish off here with Solid Waste. As you can see in the picture this is the old closed Merlin landfill as well as the Republic Services transfer site in the old Jo Gro facility. In the Solid Waste budget we have two primary areas - one is field operations and the other is post closure operations. Post closure operations is everything associated with the post closure of the Merlin landfill. Those costs are basically reimbursed to the City by AIG or Chartis, whichever they happen to be going by this week. With almost 100% reliability they reimburse us for those costs. For the first time this year we had an incident where they refused to reimburse us for one payment we made. It was a relatively small amount of \$2500 and we decided it wasn't worth fighting over because it would have cost us twice as much to fight it. The remainder of the costs in solid waste come from field operations. In field operations we're showing an increase of \$11,700 this year and then post closure operations \$14,000. This contingency is not tied to a percentage. This is just whatever is left in that fund which far exceeds the 25%. Field operations budget - personnel services is actually a very small increase because the only thing here is my time and the support tech's time dedicated for solid waste operations which is very small, about 6% of our time. Materials and supplies is unchanged. Contractual and professional services is actually going down a small amount. Direct charges is going up just shy of \$12,000 and I will explain that in the second. Capital outlay - there is none. The increase in direct charges of just shy of \$12,000 is charges from Engineering. In the past Engineering for the landfill was minimal if any at all and it was absorbed into the general fund. Last year they decided to disperse that to all the appropriate funds where that work was being done. We did not have anything set aside for Engineering charges in the solid waste fund so we had to establish something and then this last year we had

four occurrences where adjoining property owners were encroaching on our property at the Merlin landfill site. One of them was a shed, one was a trampoline, one was a driveway, all those rather insignificant, but the last one was someone actually growing marijuana on our property. Anyway, we spent some time and effort out there doing surveying and actually determining exactly where our property lines were and which of these were worth pursuing. We accrued just shy of \$12,000 worth of costs from the surveyor and so that is being charged to our budget this upcoming year. We will continue to see that in the future as we have work done out there. On the post closure budget there are no personnel services. We do not charge anything specifically to the post closure budget. Materials and supplies is unchanged. Contractual and professional services is going up just shy of \$19,000 and I'll explain on the second. Direct charges is going up \$7000 and I will explain that. Indirect charges is going up \$2500. What we are seeing is in the past when we were operating Jo Gro we hauled the storm water collected from the dirty side, which is all the solids and sludge, back to the wastewater plant. Then, because we had the tank and we were doing that with our sludge truck we would also haul the leachate collected in our tank back from the landfill to the wastewater treatment plant. When we shut down the Jo Gro operation we decided not to replace the sludge truck because we just use it minimally now and it was not cost effective to replace that truck to haul the leachate back from the landfill. Now we're contracting with someone to do that for us. While that will cost us about \$13,000 on an annual basis it will actually cost us less because we are not replacing that sludge truck which would have cost probably a quarter million dollars. While you are seeing operational costs going up you are not replacing a sludge truck to the tune of a quarter million dollars. The other increase you saw in the last slide, I call it personnel reimbursement here, is for work done out at the landfill for post closure. The work is done with staff we have housed at either the wastewater treatment facility or the distribution and collection. Wastewater treatment does most of the maintenance work and distribution and collection does all the sampling and monitoring work that is required under our permit. Those charges are accrued and then charged back to the post closure account. We are seeing some increases there because of this encroachment happening we are doing more inspections up there and trying to keep a closer eye on things. Also, the because of some of the homeless activity we have in the community we were finding people out there on the site more often. In the past we would have one person go out and do sampling for groundwater at the landfill but we didn't feel that was safe anymore. Now we are sending two people out there so they can protect each other so there are additional personnel costs. The costs you see here will be reimbursed through our insurance contract with AIG. While it is shown in as an increase it will not cost the City any more money. Efficiencies -

as I just mentioned we share personnel. We have wastewater treatment personnel as well as distribution and collection personnel that are doing work out there and that is being charged back to those funds so we don't have personnel dedicated to the solid waste side of the operation. We do contract for services wherever we can and in most cases it is saving us money. Also we do some in-house fabrication. Through some of these encroachments we had some gates that needed to be replaced. We started looking at the cost to do that and you were talking big dollar amounts to replace some of these forest service-type gates. We did a little research and we found we could fabricate them in-house with raw materials thus saving us money. It is an efficiency that saves us money in the long run.

Capital projects - we have the cleanup program where we take funds from the landfill side and pay for citywide code enforcement functions. It's a very small amount of about \$24,000 per year but what you do see in the budget is some funding going in. This landfill fund has excess dollars sitting there. It has been used for Bancroft loans and some of those loans are repaid back. We are budgeting \$150,000 for those to be paid off this year. We also get investment interest that comes back to this account and then there is also Bancroft fund interest to the tune of \$6500 we are budgeting for. This will go for funding projects in the future that as of yet have not been identified. That concludes the solid waste side if you have any questions I would answer anything you have for solid waste.

Chair Brandes asked, are there any questions for Terry? Seeing none I would open it up for public comment.

Public Works Director Haugen stated, I'm not quite done yet.

Chair Brandes stated, I thought you were, I apologize.

Public Works Director Haugen stated, I'm getting close. I want talk about some of the challenges we have coming up in the future across the entire Public Works Department. As we've mentioned in past years we are always seeing more stringent State and Federal regulations. We are currently having our permit for discharge from the wastewater treatment plant reviewed by the DEQ. Our permit expired last September. We did submit for renewal on a timely basis and we have been told we are now in line waiting for our permit to be processed. Typically, on the State level, they are running about 3-4 years behind. That is one thing we are

anticipating we will see tighter restrictions on. They are constantly causing us to have to treat for different things. We are anticipating phosphates will be something we will be treating for. We are expecting increased limitations regarding ammonia. Temperature of what we can discharge back to the river is currently in dispute between the Indian tribes and the DEQ and the Federal Government. While there was a determination made on that a couple years ago that is now back in the courts and it is all being considered again. We have no idea where some of that is going to go. On the water side of things we are in Unregulated Contaminant Phase 3. They are constantly testing for new contaminants you probably haven't even heard of at this point to see if we are going to have to remove them from our water supply to protect us from diseases we don't even know exist. Those are always coming. On the stormwater side of things we have been told by the DEQ since we are now an urbanized area we will be required to get a Phase 2 storm water permit probably in the next 18 months. That is going to cause additional costs to the City to become permitted and then cause restrictions on to our constituents and our citizens so we do not contaminate the river through storm water flow and so we reduce the contamination. We are in ongoing negotiations with the Grants Pass Irrigation District. We have always had joint use of facilities going back to the 1920s. We have used their irrigation canals for collecting storm water and taking it back to the river and they use some of our right-of-ways and some of our streets and pumping systems to transport irrigation water to their customers. That is becoming somewhat contentious. The City has never specifically paid the irrigation district for joint use of those facilities and the irrigation district is now placing some demands on the City that we need to start paying for that. We are discussing and negotiating with them at this time but I fully anticipate you will see additional costs come across to us as a City and to our citizens for joint use of facilities. The Council and probably the Budget Committee will see a new storm water utility in front of you in the future where we will have to collect funds from our citizens to pay for storm water handling, treatment, and removal. We have talked about the water treatment plant replacement. That is a big project and a huge challenge we are going to have to deal with. We have expansions. We have talked about the wastewater treatment and we have talked about the water distribution system master plan and the wastewater collection system master plan which are coming up. We know we are going to have to be expanding our system to deal with the growth in our community coming about through the UGB expansion. In transportation, as I mentioned a little while ago, they are just now starting on the transportation master planning process and I'm sure we will come back with a very long list of transportation needs in this community which will need to be addressed in the next 20 years. That is a huge challenge yet to be resolved.

In summary, the City does continue to meet all of our State and Federal regulations. We do a great job and we have staff who does an excellent job. As those regulations change we will need to continue to meet them. Our critical infrastructure is aging and in some cases, as it has been talked about with the water treatment plant, we have exceeded our useful life. The original plant is 80 plus years old. What is worse is it's not to the 80-year-old plant that is decaying the most. It is some of the stuff that was built in the 50s and 80s that is actually decaying worse than the stuff that was built in the 30s. It is decaying and it will require replacement. The growth of this community is going to require expansion and it is going to take significant cost to accommodate that. Future funding needs will exceed our resources and the alternatives are to either reduce the service levels to our citizens or we adjust our fees accordingly to pay for that. While some of the other departments will bring you a picture of a cute puppy, a drug sniffing dog, or a rescue goat, I'm going to come to you with a picture of the clear well at the water treatment plant showing you the decay. That's the reality of our system. It's decaying and it needs to be replaced.

Chair Brandes asked, any questions?

Committee Member Morin stated, I appreciate the rosy picture. Like you said there are significant costs coming and there are some issues there. Just a general comment you don't particularly need to answer, but to me the other piece often overlooked is it would help to bring in some additional economic development. There are some great things going on and businesses coming into the area, but I'm not sure what other work is being done to help bring in additional businesses. Maybe some larger employers? Maybe we can get Google to relocate their head office here or something? I think it would be great, especially as we are looking at expansion and making the city more of an urban area, to look at expanding the type of businesses we are encouraging come into town beyond some of the service things we focus on a lot. Trying to bring in some other revenue generating businesses would be clearly meeting a huge need. That is just a general statement, I guess. It is not directed to you in particular. I'm seeing that becoming more and more of a critical need for the community.

Councilor Morgan stated, I'm going to get political on you in response. I think you're absolutely right but part of a healthy economy that brings that in is a safe neighborhood. We have the levy coming up this week and that is part of why we are supporting that and saying we need to have

those funds in place so businesses want to move here, so we have jobs to support our economy that can pay for this infrastructure we need. It is all related and it is all necessary. We do have an economic development strategic plan out for bid right now to get that process going. We are working in cooperation with the County to get that as any jobs in the County help us and vice versa. We are linked good or bad with the economy and the safety of this community.

Councilor Roler asked, would we be so concerned about storm water at this point if we hadn't gone through the urbanization designation?

Public Works Director Haugen stated, no, we would not be in this situation where we would be required to be a Phase 2 community in the state of Oregon if we hadn't been determined to be urbanized. I think in the not-too-distant future just because of environmental concerns and the Rogue River it probably wouldn't be that far away. That was triggered more recently by the fact we are now an urbanized area.

Councilor Lindsay stated, I was impressed with the list of things that add cost to what you're doing in terms of chemicals, etc. I think it's important to realize some of those costs are due to inflation. Even though the so-called inflation rate is supposedly rather low there are other aspects of technology that are going up i.e. chemicals, etc. Being aware those things do impact the budget and impact the cost of operations I think is important to realize. There are some things we need to have done and we must have done in order to meet the standards. We are sort of a prisoner in regards to what we have to pay for them because some of those sources are not readily available. Thank you for alerting us to that aspect.

III. Receive public comment and/or questions – n/a

IV. Discuss any general questions of information requests from Committee – n/a

Chair Brandes asked, are there any further comments or questions? Is there anyone from the public that would like to make a comment or ask a question? Seeing none I will ask again if there are any general questions of information the Committee would like to have? Seeing none I'd entertain a motion.

V. Vote for Tentative Budget Approval of Programs Discussed (if applicable)

MOTION/VOTE

Councilor Lindsay moved and Committee Member Simpson seconded the motion to tentatively approve the Public Works budget as presented. The vote resulted as follows: “AYES”: Councilors DeYoung, Morgan, Hannum, Lindsay, Riker, Roler, and Goodwin and Committee Members Brandes, DeHoog, Morin, Rall, Collins, Curry, and Simpson. “NAYS”: None. Abstain: None. Absent: Councilor Gatlin and Committee Member Fogelquist. The motion passed.


VI. Continue Hearing to Tuesday, May 19, 2015

MOTION/VOTE

Councilor Lindsay moved and Councilor DeHoog seconded the motion to continue the hearing to Tuesday, May 19, 2015. The vote resulted as follows: “AYES”: Councilors DeYoung, Morgan, Hannum, Lindsay, Riker, Roler, and Goodwin and Committee Members Brandes, DeHoog, Morin, Rall, Collins, Curry, and Simpson. “NAYS”: None. Abstain: None. Absent: Councilor Gatlin and Committee Member Fogelquist. The motion passed.

The meeting was adjourned by Chair Brandes at 8:15 P.M.

The motions contained herein and the accompanying votes have been verified by:



City Manager or Finance Director

8/18/2015

Date

These minutes were prepared by contracted minute taker, Becca Quimby.